

APPENDIX A

STATE OF INDIANA DWSRF Priority Scoring and Ranking System SFY 2004 Intended Use Plan

I. Introduction to Priority Scoring and Ranking Criteria

The 1996 Amendments to the Safe Drinking Water Act (SDWA) established a nationwide Drinking Water State Revolving Loan Fund program for the 50 states and Puerto Rico. The U.S. EPA has allotted Indiana a total of approximately \$9 million dollars to Indiana's FY 2004 capitalization grant for Indiana's Drinking Water State Revolving Loan Fund (DWSRF) program. These funds will be made available after the Indiana Department of Environmental Management (IDEM) has successfully obtained a Drinking Water State Revolving Loan Fund (DWSRF) Capitalization Grant Award from EPA. The Priority Scoring and Ranking Criteria included herein, is one part of the required application package needed to obtain the annual Capitalization Grant Award from the Environmental Protection Agency (EPA).

II. Intended Use Plan/Project Priority List (IUP/PPL)

Each year as part of the Capitalization Grant process, IDEM must prepare a document known as the Intend Use Plan/Project Priority List (IUP/PPL). The IUP/PPL will describe how the State will use all the funds in the Indiana Drinking Water State Revolving Fund for the DWSRF program for that year. Additionally, a list of all eligible projects in ranked order of priority will be placed in the Project Priority List /PPL section of the IUP/PPL. To be funded a project **must** be listed on the PPL. A complete IUP/PPL will be available for public comment and review each and every year the DWSRF program remains in existence. **The IUP/PPL for SFY 2004 will be available for viewing starting on June 3, 2003 at various public libraries throughout the state as well as on IDEM's website, www.IN.gov/idem.** The Department will continue accepting applications after the established deadline of March 7, 2003 and will rerank the PPL at least once during SFY 2004.

III. Project Selection Process

Once each year, all Indiana DWSRF eligible drinking water systems will be contacted by the IDEM SRF Section and invited to submit a project application to be added to the PPL for the upcoming year. The water system must intend to close on a loan during that State Fiscal Year to apply. Once the IDEM SRF Section is in receipt of the completed applications, they will be scored and ranked according to the criteria contained in this document (Please see Scoring and Ranking System Criteria). All of the scored and ranked projects for that year will constitute the Project Priority List (PPL) of the IUP/PPL. A Fundable Range will then be established within the Comprehensive Project Priority List.

A.) Comprehensive Project Priority List: The Comprehensive Project Priority List is an all-inclusive list of all the eligible scored and ranked projects seeking funding under the DWSRF program regardless of anticipated financing date.

B.) Fundable Range: The Fundable Range represents an assumed amount of DWSRF loans that could be made under various assumptions using current loan capacity estimates.

Due to a large demand and less funding available for DWSRF loans, the program decided to update the Scoring and Ranking System to more accurately reflect project need. The program hopes that the new Scoring and Ranking System will ensure those projects a high spot on the PPL who would risk serious public health threats should they not be funded. See Sections VII through IX of this Appendix for a description of scoring criteria and point values.

IV. Eligible Projects

The DWSRF will provide assistance only for projects which are of a type or category which will facilitate compliance with the National Primary Drinking Water regulations applicable to the system under section 1412 (of the SDWA) or otherwise significantly further the health protection objectives of the Act (section 1452 (a)(2)). In addition, projects that address SDWA health standards will be eligible for DWSRF funding. Examples of projects that will help alleviate or mitigate the aforementioned drinking water related system problems are the following:

- Projects that install or upgrade treatment facilities;
- Projects that seek to rehabilitate or develop sources to replace contaminated sources;
- Projects that will install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels;
- Projects that physically consolidate public water systems;
- Land Acquisition is eligible only if it is integral to a project. In addition, the acquisition must be from a willing seller; and
- Projects that implement or upgrade security measures for the water system.

V. Ineligible Projects

The DWSRF program cannot provide funding assistance for the following projects and activities:

- Dams, or rehabilitation of dams;
- Operation and maintenance;
- Projects needed mainly for fire protection;
- Projects primarily intended to serve future growth;
- Projects for systems in significant noncompliance, unless funding will ensure compliance;
- Laboratory fees for monitoring; and
- Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance.

VI. Tie Breaking

If two or more projects score equally under the Project Scoring and Ranking System, the project with the highest points in the Public Health Section will prevail. If a tie persists, then the project that serves the smallest population will prevail.

VII. Scoring and Ranking System Criteria

The purpose of the scoring and ranking system is the prioritization of all eligible DWSRF projects that are seeking funding for that year. Projects that seek to further the health protection objectives of the Safe Drinking Water Act (section 1452 (a)(2)) and projects that rectify chronic and long term health risks will also be given high priority consideration under this scoring and ranking system. Finally, projects that have documented a financial need based on a per-capita household basis will be given enhanced point consideration under this proposed scoring and ranking system. Scoring is based on the sum of all possible points awarded within each category. Systems that score the highest point total will be given the highest priority on the project list.

VIII. Scoring and Ranking System

The criteria used to prioritize the eligible projects are described and weighted below. Points apply to the system applying for assistance. Scoring is based on the sum of all possible points awarded within each category. Systems which score the highest point total will be given the highest priority on the project priority list (PPL).

In determining the scoring and ranking system for eligible DWSRF projects the Indiana Department of Environmental Management (IDEM) proposes that the highest priority be given to projects which seek to do the following: alleviate public health risks, help assure compliance with the SDWA, and assist systems most in need according to state Affordability criteria.

Consistent with these aforementioned priorities, the numerical scores in the DWSRF priority ranking and scoring system will be based on the following criteria:

- I Public Health Protection:** The project addresses the most serious risk to human health.
(Total Maximum Points / 440)
- II Assure SDWA Compliance:** The project will ensure compliance with the requirements of the Safe Drinking Water Act, SDWA.
(Total Maximum Points / 5)
- III Affordability:** This criterion is based on the State's Affordability Criteria, service area population, and the service areas median home income. It is designed to assist systems most in need, on a per household basis.
(Total Maximum Points / 60)
- IV Public Water System Management:** This criterion offers additional points to projects for their efforts to improve or protect drinking water quality.
(Total Maximum Points / 115)

The total numerical score for a project or a project segment will be the sum of the scores for criteria I, II, III, and IV. The maximum score possible is 620 points.

Drinking Water State Revolving Fund Scoring and Ranking Point System

- I. PUBLIC HEALTH PROTECTION:** The project addresses the most serious risk to human health.
Public Health / SDWA MCL violation:

Public and Environmental Health - Violations of National Drinking Water Standards

Maximum Contaminant Levels (MCLs) are established by the SDWA for those contaminants which may be detrimental to public health. Violations of these levels in the 3 years preceding the development of a priority list carry the following weightings:

	<u>Points</u>
Microbiologicals, acute	60
(or consolidation if related to presence of acute contaminants)	
Nitrate / Nitrite, acute	60
Treatment Techniques / SWTR / Turbidity, acute	60
Volatile Organic Compounds (VOCs) / TTHM's	40
Synthetic Organic Compounds (SOCs)	40
Inorganic Chemicals (IOCs)	40
Radionuclides	40
Lead/Copper	40
Consolidated Private Wells or Physical Consolidation	40
(if related to chronic contaminants)	
Secondary Standards (e.g., iron)	20
	440 Maximum

- II. ASSURE SDWA COMPLIANCE:** The project will ensure compliance with the requirements of the Safe Drinking Water Act, SDWA.

(Non-cumulative)

SDWA Compliance:

Significant Non-Compliance	5
Warning of Non-Compliance (WONC)	5
Emergency Order	5
Agreed Order (AO)/Notice of Violation (NOV)	5
	5 Maximum

- III. AFFORDABILITY:**

A. Median Household Income (MHI)	
MHI at or above \$41,567	5
MHI \$33,254-41,567	15
MHI below \$33,254	30
2. Water Rate Charge Per 4,000 gallons	
Over \$45.00 per 4,000 gallons	30
Rate between \$25.00-\$45.00 per 4,000 gallons	15
Rate Below \$25.00 per 4,000 gallons	5
**State agency approval of user charges or rate structure	60 Maximum

- IV. ADDITIONAL CONSIDERATIONS:** This criterion allows for additional points in the scoring and ranking of projects.

A. Infrastructure Replacement / Improvement

Water system infrastructure replacement projects will correct deficiencies or ensure compliance with the SDWA are based on at least a 20 year useful life. Loan assistance to upgrade, replace, or install the following:

Source-Intake Structure	5
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Controls / Instrumentation	5
Disinfection and Filtration System	5
Emergency Power Source / Backup Water Supply	5
Pumping Station	5
Back Flow Prevention	5
Transmission and Distribution System	5
Security Measures (e.g., surveillance, fencing)	5

B. Small System Funding

The Safe Drinking Water Act requires that a State must, to the extent practicable, use a minimum of 15 percent of all dollars credited to the Fund to provide loan assistance to small systems that serve fewer than 10,000 persons.

Systems with 10,000 persons or <	10
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C. Consolidation / Regionalization (e.g., adding new customers)

This criterion is included to support the concept that larger systems are more apt to have managerial, financial and technical capabilities to ensure continued compliance with current and future requirements of both federal and state Safe Drinking Water laws and regulations.

Physical Consolidation	5
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This criteria includes the consolidation of private wells into an existing system*, where at a minimum 25% of the wells exceed Drinking Water Maximum Contaminant Levels.

*Dependent upon the requisite EPA authorization.

D. Inadequate Water Supply

Water supply operation projects which remedy the following conditions will be awarded points as follows as defined by the 10 State Recommended Standards for Water Works:

a) Water Supply (not enough capacity)	10
The system is incapable of meeting the recommended daily peak water use demands.	

b) Water Pressure

The normal working pressure should be approximately 80psi and not less than 35psi. The system shall be designed to maintain a minimum operating pressure of 20psi throughout the distribution system under all conditions of flow including peak periods.

1. If under 20 PSI	20
2. problems due to small mains	5
3. problems due to elevation	5
4. problems due to dead-end mains	5

c) Water Storage	15
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The structure shall provide stability and durability as well as protect the quality of stored water. The minimum storage capacity (or equivalent capacity) for systems not providing fire protection shall be equal to the average daily consumption.

1. Adding/in need of storage capacity	15
2. Upgrading existing storage facility	5

120 Maximum
Total Maximum
Points = 625